

USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/22/2008

GAIN Report Number: AR8024

Argentina Citrus Semi-Annual 2008

Approved by:

David Mergen U.S. Embassy

Prepared by:

Francisco Pirovano

Report Highlights:

Citrus production for calendar year (CY) 2008 will decrease nearly 21 percent to 2.47 million metric tons (MT) due to a frost in July 2007. High international prices are favoring exports over domestic consumption and processing, so exports are expected to fall only slightly. Imports continue to remain low as in previous years, with only seasonal purchases of grapefruit.

Includes PSD Changes: Yes Includes Trade Matrix: No Semi-Annual Report Buenos Aires [AR1] [AR]

Section I. Situation and Outlook	
Production	3
Consumption	
Processing	
Trade	
Factors Affecting the Industry Structure	5
Section II. Statistical Tables	

Section I. Situation and Outlook

Production

Overall, calendar year (CY) 2008 citrus production is estimated to drop to 2.47 million metric tons (MT) as a smaller production of all four types of citrus is expected due to the effect of frost in I2007 and a current drought affecting most of the citrus production areas.

The effects of the severe frost of July 2007 which affected blossoms in most production areas were greater than estimated in the previous report (AR7030) and resulted in net losses for all citrus production in the country. In CY 2008, lemon production is expected to decrease to 1.1 million MT due to lower yields, despite management improvements. Orange production is expected to fall to 800,000 MT in CY 2008. Tangerine production in CY 2008 is expected to shrink to 350,000 MT due to the late frost and a hail storm in October of 2007 that affected most of the production area in Northeastern Argentina (NEA). Sources in the industry report that the hail storm decreased yields up to 50 percent on some farms. Currently, a drought in the NEA is affecting both tangerine and orange yields and quality. Grapefruit production is forecast to drop to 220,000 MT due to unfavorable weather in the main production region in Northwestern Argentina (NOA).

Overall, CY 2007 was a great year for the Argentine citrus production. According to sources in the industry, production of oranges, tangerines and grapefruit was favorable in terms of yields, quality, and prices with only isolated quality problems in orange production due to late frosts in the spring of 2007.

In CY 2007, lemon production was 1.47 million MT, nearly the same production as in CY 2006 due to a severe frost that accelerated the maturation of the fruit and shortened the season. As a result, there were fewer summer lemons in late CY 2007 and beginning of CY 2008 for domestic consumption. Sources in the industry state that the higher yield of new plantations partially offset the production of those that went out of production or were affected by the frost. The grapefruit crop in NOA increased in CY 2007 due to better weather conditions. Sources in the industry state that CY 2007 was better in terms of yields but quality has been severely affected by unfavorable climatic events. The tangerine crop increased 12 percent in volume in CY 2007. Industrial sources report that Clementine and Nova varieties were the strongest of CY 2007 crop, while Murcott and Ellendale were affected by a severe frost on July 10. The orange crop was also better than in CY 2006 with production increasing nearly 15 percent.

Post has adjusted down harvest area for CY 2006 and CY 2007to account for estimated normal loss at harvest time of 3 percent for lemons and 10 percent for other citrus.

Araentine Citrus Production (1000 MT)						
CY 2006 CY 2007 CY2008						
Lemons	1,430	1470	1,100	⁻ 25%		
Oranges	840	990	800	⁻ 20%		
Tangerines	390	440	350	⁻ 20%		
Grapefruit	230	240	220	⁻ 10%		
TOTAL	2,890	3,140	2,470	⁻ 21%		
Change from previous		- 8%	⁻ 21%			

Consumption

Domestic consumption of citrus is expected to decrease 10 percent in CY 2008 due to the lower production.

Argentine Citrus Domestic Consumption (1000 MT)							
	CY 2006 CY 2007 CY2008						
Lemons	58	55	40				
Oranges	480	490	440				
Tangerines	220	200	170				
Grapefruit	80	80	70				
TOTAL	838	825	720				
Change from previous		⁻ 1.6 %	⁻ 12.7 %				

Processing

Fresh citrus fruit sent to the processing sector in CY 2008 is forecast to drop nearly 24 percent as packing houses will take advantage of the highly priced fresh export market.

Argentine Citrus to Process (1000 MT)									
	CY 2006 CY 2007 CY2008								
Lemons	1060	1055	710						
Oranges	180	300	180						
Tangerines	80	140	90						
Grapefruit	130	131	120						
TOTAL	1450	1626	1100						
Change from previous		<mark>- 11.8 %</mark>	⁻ 32.3 %						

Trade

CY 2008 citrus exports are forecast to decrease slightly relative to CY 2007 in all categories due to lower production. Despite the lower production, the packing houses will do their best to take advantage of the high international prices at expense of the processing sector and domestic consumption. Due to quality constraints, more fruit will be sent to the Russian Federation and other markets that accept a third quality standard.

Argentine Citrus Exports (1000 MT)								
	CY 2006 CY 2007 CY2008							
Lemons	312	347	350					
Oranges	180	200	180					
Tangerines	81	98	100					
Grapefruit	20	29	30					
TOTAL	593	674	660					
Change from previous								
year		<mark>- 12.2 %</mark>	<mark>⁻ 2.0 %</mark>					

Citrus imports will continue to be very small during CY 2008 and this trend is expected to continue. In CY 2007, total citrus imports were 958 MT, valued at US\$588,000. Imports came mainly form the following countries: Chile, Uruguay, Spain (oranges), and Israel (grapefruits).

Export and Import Regulations All Citrus Fruit	
For countries outside MERCOSUR AREA	%
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	5.00
Rebate for cases containing less than 16 Kg.	5.00
Rebate for cases containing 16 – 20 Kg.	4.05
Rebate for cases containing more than 20 Kg.	2.70
For countries within MERCOSUR AREA	·
Import Tariff	0.00
Export tariff	5.00
Rebate for cases containing less than 16 Kg.	5.00
Rebate for cases containing 16 – 20 Kg.	4.05
Rebate for cases containing more than 20 Kg.	2.70

Factors Affecting the Industry Structure

Farm strike

Farm groups launched a 21-day strike in March 2008 after the government introduced a variable export tax for grains and oilseeds. Protestors blocked highways throughout the country which impeded trucks that transported agricultural products from reaching the main markets. Trains loaded with lemons from Tucuman Province were also forced to return to their destination. Packing houses were unable to deliver produce and nearly halted production. Four vessels had to depart almost empty from the port of Buenos Aires resulting in heavy losses for the exporters.

Resumption of the strike from May 8 to 19 further disrupted export shipments and some farmers opted against harvesting due to fears that the produce will jam the packing lines again. This strike is currently suspended, allowing a resumption of normal shipments.

Prices

Lemons	FOB Prices (US\$/MT)					
	2005	2006	2007	2008		
January	300	360	0	583		
February	490	550	482	1022		
March	420	410	477	876		
April	420	380	473			
May	410	380	469			
June	410	380	464			
July	400	380	469			
August	390	380	466			
September	380	390	483			
October	360	400	367			
November	100	1000	318			
December	290	0	519			
Average	364	418	583			

Source: Argentine Government Trade Statistics

Oranges	FOB Prices (US\$/MT)				
	2005	2006	2007	2008	
January	30	30	54	35	
February	30	30	77	37	
March	30	30	37	36	
April	30	30	67		
May	300	360	372		
June	310	370	429		
July	330	340	435		
August	300	350	436		
September	300	370	394		
October	240	336	397		
November	210	237	236		
December	30	70	36		
Average	178	213	415		

Source: Argentine Government Trade Statistics

Tangerines	FOB Prices (US\$/MT)				
	2005	2006	2007	2008	
January	0	0	909	196	
February	530	540	741	741	
March	530	580	592	723	
April	530	540	589		
May	540	580	612		
June	520	550	622		
July	500	550	607		
August	480	540	628		
September	470	520	610		
October	420	497	477		
November	230	70	86		
December	70	0	74		
Average	438	414	713		

Source: Argentine Government Trade Statistics

Grapefruit	FOB Prices (US\$/MT)				
-	2005	2006	2007	2008	
January	0	40	705	68	
February	0	0	1187	154	
March	390	480	489	72	
April	380	380	468		
May	370	390	439		
June	380	420	430		
July	380	480	451		
August	440	450	460		
September	370	300	472		
October	0	52	77		
November	100	0	73		
December	40	52	70		
Average	293	254	610		

Source: Argentine Government Trade Statistics

Lemons	Domestic Wholesale Prices (US\$/MT)					
	2004	2005	2006	2007	2008	
January	250	210	180	380	1240	
February	220	300	190	330	1160	
March	220	220	220	260	630	
April	240	210	250	280	540	
May	190	180	200	230	0	
June	160	170	170	200	0	
July	150	160	150	170	0	
August	150	150	150	160	0	
September	160	150	150	190	0	
October	160	150	240	340	0	
November	180	180	290	430	0	
December	200	170	N/A	800	0	
Average	190	190	200	310	0	

Source: Buenos Aires Central Market (www.mercadocentral.com.ar)

Oranges	Domestic Wholesale Prices (US\$/MT)					
	2004	2005	2006	2007	2008	
January	180	150	120	230	210	
February	240	210	160	350	310	
March	360	150	270	220	300	
April	410	170	300	270	350	
May	210	170	280	310	0	
June	170	180	220	260	0	
July	140	170	210	220	0	
August	150	150	190	190	0	
September	150	150	240	180	0	
October	160	180	310	190	0	
November	190	190	310	170	0	
December	200	140	0	190	0	
Average	210	170	240	200	0	

Source: Buenos Aires Central Market (www.mercadocentral.com.ar)

Tangerines	ı	Domestic Wholesale Prices (US\$/MT)									
	2004	2005	2006	2007	2008						
January	290	160	250	180	0						
February	300	370	0	0	0						
March	210	180	200	0	190						
April	160	160	240	200	250						
May	140	150	230	190	0						
June	130	130	220	170	0						
July	120	110	200	130	0						
August	140	140	190	140	0						
September	170	130	210	190	0						
October	200	140	250	190	0						
November	210	200	280	170	0						
December	200	220	0	160	0						
Average	190	170	210	140	0						

Source: Buenos Aires Central Market (www.mercadocentral.com.ar)

Grapefruit	Domestic Wholesale Prices (US\$/MT)									
	2004	2005	2006	2007	2008					
January	410	390	370	400	300					
February	430	590	380	410	340					
March	450	280	340	310	410					
April	310	250	280	0	390					
May	190	190	340	0	0					
June	150	210	210	0	0					
July	140	190	200	200	0					
August	190	190	300	190	0					
September	210	210	270	210	0					
October	270	200	310	180	0					
November	290	290	330	170	0					
December	320	280	0	230	0					
Average	280	270	300	190	0					

Source: Buenos Aires Central Market (www.mercadocentral.com.ar)

Domestic Retail Prices (US\$/MT)											
		Lem	ons		Oranges						
	2005	2006	2007	2008	2005	2006	2007	2008			
January	450	420	950	1590	310	290	500	370			
February	440	430	750	1000	300	350	500	380			
March	480	450	680	750	300	440	480	410			
April	470	460	600	0	310	500	490	0			
May	440	430	550	0	350	440	440	0			
June	420	400	520	0	330	390	370	0			
July	400	390	460	0	310	360	320	0			
August	380	390	480	0	300	350	320	0			
September	400	390	510	0	300	390	330	0			
October	430	450	680	0	290	430	340	0			
November	430	550	1090	0	280	450	330	0			
December	430	710	1400	0	310	470	350	0			
Average	430	450	1570	0	310	410	360	0			

Source: National Institute for Statistics and Census (www.indec.gov.ar)

Section II. Statistical Tables

	PSD Table											
Country					Arge	entina						
Commodity	Lemons, Fresh (HECTARES)(1000 TREES)(1000									O MT)		
		Revised	2005		2006 Estimate			2007 Forecast		UOM		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New			
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY		
Area Planted	44000	44000	44000	44000	44000	44000	42000	42000	42000	(HECTARE S)		
Area Harvested	43500	43500	43500	43500	43500	40700	41000	41000	40700	(HECTARE S)		
Bearing Trees	11000	11000	11000	11000	11000	11000	15000	15000	15000	(1000 TREES)		
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	1000	1000	1000	(1000 TREES)		
Total No. Of Trees	12000	12000	12000	12000	12000	12000	16000	16000	16000	(1000 TREES)		
Production	1350	1350	1430	1250	1250	1470	1400	1400	1100	(1000 MT)		
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)		
Total Supply	1350	1350	1430	1250	1250	1470	1400	1400	1100	(1000 MT)		
Exports, Fresh	312	312	312	360	360	360	350	350	350	(1000 MT)		
Fresh Dom. Consumption	50	50	58	40	40	55	50	50	40	(1000 MT)		
For Processing	988	988	1060	850	850	1055	1000	1000	710	(1000 MT)		
Total Distribution	1350	1350	1430	1250	1250	1470	1400	1400	1100	(1000 MT)		

	PSD Table										
Country	Argentina										
Commodity	Oranges, Fresh (HECTARES)(100								TREES)(1000	MT)	
		2005 Revised	_		2006 Estimate	9		2007 Forecast		UOM	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estim ate	Post Estimate New	USDA Official	Post Estimat e	Post Estimate New		
Market Year Begin		01/2006	01/2006		01/20 07	01/2007		01/200 8	01/2008	MM/YYYY	
Area Planted	57000	57000	57000	57000	57000	50000	57000	57000	50000	(HECTAR ES)	
Area Harvested	56000	56000	56000	56000	56000	45000	56000	56000	45500	(HECTAR ES)	
Bearing Trees	20000	20000	20000	20000	20000	20000	20000	20000	20000	(1000 TREES)	
Non-Bearing Trees	3000	3000	3000	3000	3000	3000	3000	3000	3000	(1000 TREES)	
Total No. Of Trees	23000	23000	23000	23000	23000	23000	23000	23000	23000	(1000 TREES)	
Production	730	730	840	800	800	990	850	850	800	(1000 MT)	
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)	
Total Supply	730	730	840	800	800	990	850	850	800	(1000 MT)	
Exports, Fresh	180	180	180	165	165	200	180	180	180	(1000 MT)	
Fresh Dom. Consumption	410	410	480	460	460	490	480	480	440	(1000 MT)	
For Processing	140	140	180	175	175	300	190	190	180	(1000 MT)	
Total Distribution	730	730	840	800	800	990	850	850	800	(1000 MT)	

PSD Table													
Country	Argentina												
Commodity	Ta	angerin	es/Mar	ndarins,	Fresl	h	(HECTARE	S)(1000 ⁻	TREES)(100	00 MT)			
	F	2005 Revised			2006 Estimate	!		2007 Forecast		UOM			
	USDA Official	Post Estimate	Post Estimat e New	USDA Official	Post Estim ate	Post Estimate New	USDA Official	Post Estimat e	Post Estimate New				
Market Year Begin		04/2006	04/200 6		04/20 07	04/2007		04/200 8	04/2008	MM/YYYY			
Area Planted	36500	36500	36500	36500	3650 0	36500	36000	36000	36000	(HECTAR ES)			
Area Harvested	33000	33000	33000	33000	3300 0	33000	34000	34000	32500	(HECTAR ES)			
Bearing Trees	14000	14000	14000	14000	1400 0	14000	14000	14000	14000	(1000 TREES)			
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	1000	1000	1000	(1000 TREES)			
Total No. Of Trees	15000	15000	15000	15000	1500 0	15000	15000	15000	15000	(1000 TREES)			
Production	400	400	390	450	450	440	460	460	350	(1000 MT)			
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)			
Total Supply	400	400	390	450	450	440	460	460	350	(1000 MT)			
Exports, Fresh	90	90	90	100	100	100	110	110	90	(1000 MT)			
Fresh Dom. Consumption	270	270	220	300	300	200	300	300	170	(1000 MT)			
For Processing	40	40	80	50	50	140	50	50	90	(1000 MT)			
Total Distribution	400	400	390	450	450	440	460	460	350	(1000 MT)			

PSD Table										
Country			Arge	gentina						
Commodity		Gr	apefruit	(HECTARE	S)(1000	TREES)(100	O MT)			
	F	2005 Revised			2006 Estimate			2007 Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estim ate	Post Estimate New	USDA Official	Post Estimat e	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/20 07	01/2007		01/200 8	01/2008	MM/YYYY
Area Planted	12400	12400	12400	12400	1240 0	12400	12000	12000	12000	(HECTAR ES)
Area Harvested	12000	12000	12000	12000	1200 0	12000	11500	11500	10800	(HECTAR ES)
Bearing Trees	3000	3000	3000	3000	3000	3000	4500	4500	4500	(1000 TREES)
Non-Bearing Trees	100	100	100	100	100	100	500	500	500	(1000 TREES)
Total No. Of Trees	3100	3100	3100	3100	3100	3100	5000	5000	5000	(1000 TREES)
Production	150	150	230	200	200	240	220	220	220	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	150	150	230	200	200	240	220	220	220	(1000 MT)
Exports, Fresh	20	20	20	29	29	29	30	30	30	(1000 MT)
Fresh Dom. Consumption	40	40	80	40	40	80	40	40	70	(1000 MT)
For Processing	90	90	130	131	131	131	150	150	120	(1000 MT)
Total Distribution	150	150	230	200	200	240	220	220	220	(1000 MT)